

Report to the  
House of Representatives Appropriations Subcommittee on Health and  
Human Services, Senate Appropriations Committee on Health and Human  
Services and Joint Legislative Oversight Committee on Mental Health,  
Developmental Disabilities and Substance Abuse Services

DHHS Policies and Procedures  
in Delivering Community Mental Health,  
Developmental Disabilities, and Substance  
Abuse Services

Session Law 2007-323, House Bill 1473  
Section 10.51(c)

February 1, 2008

North Carolina Department of Health and Human Services  
Division of Mental Health, Developmental Disabilities,  
and Substance Abuse Services

## **Report on DHHS Policies and Procedures in Delivering Community Mental Health, Developmental Disabilities and Substance Abuse Services**

February 1, 2008

The special provisions in House Bill 1473, Section 10.51(a), (b) and (c) are essentially a continuation of previous provisions contained in House Bill 1414, Section 10.22A and Senate Bill 622, Section 10.31, and provide direction to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities and Substance Abuse Services (DMHDDSAS), to identify fiscal barriers related to the delivery of community-based services and implement changes to remove such barriers.

The Special Provision states:

***SECTION 10.51.(a)** The Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, shall in cooperation with area mental health authorities and county programs, identify and eliminate administrative and fiscal barriers created by existing State and local policies and procedures in the delivery of community-based mental health, developmental disabilities, and substance abuse services provided through the area programs and county programs, including services provided through the Comprehensive Treatment Services Program for Children and services delivered to multiply diagnosed adults. The Department shall implement changes in policies and procedures in order to facilitate all of the following:*

- (1) The provision of services to adults and children as defined in the Mental Health System Reform State Plan as priority or targeted populations.*
- (2) The provision of services to children not deemed eligible for the Comprehensive Treatment Services Program for Children, but who would otherwise be in need of medically necessary treatment services to prevent out-of-home placement.*
- (3) The provision of services in the community to adults remaining in and being placed in State institutions addressed in Olmstead v. L.C.*

The response from the North Carolina Department of Health and Human Services:

### **Section 10.51(a):**

In order to fulfill the requirements of Section 10.51(a), (1), (2) and (3), the Division established a work group with the following representation: (a) Council of Community MHDDSA Programs, (b) Area MHDDSAS Director, (c) Area MHDDSAS Finance Officer, (d) DHHS Budget and Analysis, and (e) program, budget and information services staff from the Division. The content of this report is based on the output of this work group. The Division and work group will continue its efforts in State Fiscal Year

2008-2009 , to identify other barriers, and implement system changes to remove them and provide for a more efficient and effective community-based services system.

The requirements within this Special Provision have been addressed as follows:

***(1) The provision of services to adults and children as defined in the Mental Health System Reform State Plan as priority or targeted populations.***

Target populations have been defined with the assistance of various key stakeholder groups. Effective July 1, 2004, DMHDDSAS funding is limited to services rendered to members of target populations. In addition, this requirement is addressed via the impact of items (2) and (3) below. New Target Populations have been added to the Integrated Payment and Reporting System (IPRS) in the past fiscal year to ensure improved access to and payment for services. These include (a) crisis target populations and (b) a new substance abuse target population. The substance abuse target population was created to assure access for all individuals with a diagnosis of substance abuse or dependence who require substance abuse assessment and treatment initiation, engagement and/or continuity of treatment services and supports for relapse prevention and recovery stability. These services should be immediately available to a consumer, and are generally limited in both duration and intensity.

***(2) The provision of services to children not deemed eligible for the Comprehensive Treatment Services Program for Children, but who would otherwise be in need of medically necessary treatment services to prevent out-of-home placement.***

The Division distributed correspondence to Area/County Program Directors on August 31, 2004 and December 3, 2004 outlining Comprehensive Treatment Services Program (CTSP) Funding Guidelines for Area/County Programs for Unit Cost Reimbursement (UCR) and Non-Unit Cost Reimbursement (Non-UCR) funds. These guidelines included a number of changes that expanded the use of CTSP funds for additional children and adolescents who are at-risk for out of home placement. The implementation of these guidelines also increased the flexibility to use UCR and/or Non-UCR CTSP funding in support of System of Care as the best practice for children and adolescents with mental health and/or substance abuse problems.

***(3) The provision of services in the community to adults remaining in and being placed in State institutions addressed in Olmstead v. L.C.***

The Division distributed correspondence to Area/County Program Directors on January 5, 2005, outlining new guidelines for expanding access to Mental Retardation/Mental Illness (MR/MI) funding in order to enhance the provision of community based services to multiply diagnosed adults and adults remaining in and being placed in State institutions addressed in Olmstead v. L.C.

Through the above changes, the Division has substantively addressed fiscal barriers related to the delivery of community-based services. The Division will monitor the implementation of these actions during the course of the fiscal year and will continue to identify and address any remaining fiscal barriers to be removed.

***SECTION 10.51.(b)*** *The Department shall rework the revised system of allocating State and federal funds to area mental health authorities and county programs to better reflect projected needs, including the impact of system reform efforts rather than historical allocation practices and spending patterns. The reworked allocation shall include the following:*

- (1) For each LME, the current allocation by source and age/disability category, and the newly proposed allocation by source and age/disability category;*
- (2) A clear formula for how the new allocations are derived with a detailed methodology for how the formula was created; and*
- (3) A plan for moving to the new formula.*

*The Department shall submit the reworked language to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division not later than October 1, 2007, for review. The Department shall implement the system only after review and approval by the 2007 General Assembly, Regular Session 2008.*

The response from the North Carolina Department of Health and Human Services:

**Section 10.51(b):**

This Section requires the development of a revised method of allocating State and Federal funds to area authorities and county programs. This report was submitted as a separate report to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services on January 2, 2008.

***SECTION 10.51.(c)*** *Area mental health, developmental disabilities, and substance abuse services authorities and county programs shall use all funds appropriated for and necessary to provide mental health, developmental disabilities, and substance abuse services to meet the need for these services. If excess funds are available after expending appropriated funds to fully meet services needs, one-half of these excess funds shall not revert to the General Fund but shall be transferred to the Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs, except that one-half of the funds appropriated for the Comprehensive Treatment Services Program for Children that are unexpended and unencumbered shall not revert to the General Fund but Shall be carried forward and used only for services for children and adolescents.*

*The Department, in consultation with the area mental health authorities and county programs, shall report to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities, and Substance Abuse Services on the progress in implementing these changes. The report shall be submitted on October 1, 2007, and February 1, 2008.*

The response from the North Carolina Department of Health and Human Services:

**Section 10.51(c):**

This Section requires that excess community funds not revert to the General Fund but to transfer to the Trust Fund for Mental Health, Developmental Disabilities, and Substance Abuse Services and Bridge Funding Needs. Exception to this is one-half of the funds appropriated for Comprehensive Treatment Services Program for Children not revert to the General Fund but be carried forward and used only for services for children and adolescents. In SFY 2007, with the approval of the Office of State Budget and Management, the Division carried forward \$3,314,506 CTSP funds and \$11,718,014 in other funds for transfer to the Mental Health Trust Fund (MHTF) Plan. Those carried forward funds are available for services in SFY 2008.